

2002 MICHIGAN Home Heating Credit Claim

2002
MI-1040CR-7

Issued under authority of P.A. 281 of 1967. Filing is voluntary. Please type or print clearly in blue or black ink.

Attachment Sequence No. 08

PLACE LABEL HERE	▶ 1. Filer's First Name and Middle Initial and Last Name		▶ 2. Filer's Social Security Number	
	If a Joint Return, Spouse's First Name and Middle Initial and Last Name		▶ 3. Spouse's Social Security Number	
	Home Address (No., Street, P.O. Box or Rural Route)			
	City or Town		State	ZIP Code

<p>▶ 4. Are your heating costs currently included in your rent or is your heat service in someone else's name? If you check YES, you will receive a check (see line 35). If you check NO or leave blank, you will receive an ENERGY DRAFT. <input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>▶ 5. Do you want your name and address referred to other government assistance programs you may qualify for? <input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>▶ 6. If you live in one of these CARE facilities, check the box.</p> <table style="width:100%;"> <tr> <td>A. <input type="checkbox"/> Nursing Home</td> <td>B. <input type="checkbox"/> Adult Foster Care Home</td> </tr> <tr> <td>C. <input type="checkbox"/> Licensed Home for the Aged</td> <td>D. <input type="checkbox"/> Substance Abuse Center</td> </tr> </table> <p>▶ 7. Do you or your spouse now receive Supplemental Security Income (SSI)? <input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>▶ 8. AGE. If you are age 60 or older, enter your age. A. You _____ B. Spouse _____</p> <p>▶ 9. How much were you billed for heat between 11/1/2001 - 10/31/2002? \$ _____ .00</p>	A. <input type="checkbox"/> Nursing Home	B. <input type="checkbox"/> Adult Foster Care Home	C. <input type="checkbox"/> Licensed Home for the Aged	D. <input type="checkbox"/> Substance Abuse Center	<p>▶ 11. Exemptions. Enter the number that applies to you, your spouse or your dependents and complete line 12 below.</p> <p>Personal Exemption (1 or 2) ▶ A. _____</p> <p>Age 65 or older ▶ B. _____</p> <p>Deaf, Disabled or Blind ▶ C. _____</p> <p>Unemployment compensation greater than 50% of AGI (Enter 1) ▶ D. _____</p> <p>Number of children living with you:</p> <p style="padding-left: 20px;">Ages 2 and under ▶ E. _____</p> <p style="padding-left: 20px;">Ages 3 - 5 ▶ F. _____</p> <p style="padding-left: 20px;">Ages 6 - 18 ▶ G. _____</p> <p>Dependent adults, other than your spouse, who live with you (including children over 18) ▶ H. _____</p> <p>Add lines A through H I. _____</p>
A. <input type="checkbox"/> Nursing Home	B. <input type="checkbox"/> Adult Foster Care Home				
C. <input type="checkbox"/> Licensed Home for the Aged	D. <input type="checkbox"/> Substance Abuse Center				

12. Enter below the name, Social Security number, relationship and age of the dependents you claimed (see line 11, E - H above).

Dependent's Name	Dependent's Relationship to You	Social Security Number	Age in Years
a.			
b.			
c.			
d.			

Be sure to include income from both spouses.

13. Wages, salaries, tips, sick, strike and SUB pay, etc	13. ....	.00
14. All interest and dividend income (including nontaxable interest)	14. ....	.00
15. Net rent, business or royalty income	▶ 15. ....	.00
16. Annuity, pension and IRA benefits. Name of Payer:	16. ....	.00
17. Net farm income	17. ....	.00
18. Capital gains less capital losses	18. ....	.00
19. Alimony and other taxable income (see instructions). Describe:	19. ....	.00
20. Social Security, Supplemental Security Income (SSI) and/or railroad retirement benefits	▶ 20. ....	.00
21. Child support	21. ....	.00
22. Unemployment compensation	▶ 22. ....	.00
23. Other nontaxable income (see instructions). Describe:	23. ....	.00
24. Workers' compensation, veterans' disability compensation and pension benefits	24. ....	.00
25. FIP and other FIA benefits	▶ 25. ....	.00
26. Subtotal. Add lines 13 - 25	Subtotal 26. ....	.00
27. Other adjustments (see instructions). Describe:	27. ....	.00
28. Medical insurance or HMO premiums you paid for you and your family	28. ....	.00
29. Add lines 27 and 28	29. ....	.00
30. HOUSEHOLD INCOME. Subtract line 29 from line 26 (If a negative amount, enter "0".)	▶ 30. ....	.00

Go to page 2 and complete lines 32-40 (Standard and Alternate Home Heating Credit Computations).

31. **HOME HEATING CREDIT.** Enter the amount from line 40 ▶ 31.00

You must file this claim by September 30, 2003 to receive your credit.

Continued on page 2.

Standard and Alternate Home Heating Credit Computations

32. STANDARD CREDIT. Standard allowance (from Table A)	32. _____	.00
33. Multiply household income (line 30) by 3.5% (.035)	33. _____	.00
34. Subtract line 33 from line 32 for standard credit amount. If line 33 is greater than line 32, enter "0"	34. _____	.00
35. If you answered "yes" to line 4 (heating costs currently included in rent or heat service in someone else's name), multiply the amount on line 34 by 50% (.50). Enter here and on line 40. (If approved the final amount as shown on line 31 is issued as a check.)	35. _____	.00
36. ALTERNATE CREDIT. Total heating costs from line 9 or \$1,578 (whichever is less)	36. _____	.00
37. Multiply household income (line 30) by 11% (.11)	37. _____	.00
38. Subtract line 37 from line 36. If line 37 is greater than line 36, enter "0"	38. _____	.00
39. Multiply line 38 by 70% (.70) for alternate credit amount	39. _____	.00
40. If you completed line 35, enter that amount here. Otherwise, enter the larger of lines 34 or 39 here. You must also enter this amount on line 31 on the front of this form	40. _____	.00

File Your Claim by: September 30, 2003**Mail Your Claim to: Michigan Department of Treasury
Lansing, MI 48956**

Check the status of your credit claim for the current year through Treasury's Web site at www.michigan.gov/iit or call the Computerized Return Information System (CRIS) at 1-800-827-4000. These services are available 24 hours a day.

Deaf, hearing- or speech- impaired persons may call 517-636-4999 (TTY).

If you receive Family Independence Program assistance, State Disability Assistance, Refugee Assistance, Repatriate Assistance, or you are enrolled with the Family Independence Agency for direct payment, Treasury will send your credit directly to your heat provider.

Where to Get Forms: Visit our Web site at www.michigan.gov/treasury or call toll-free 1-800-367-6263 to have tax forms mailed to you.

Use the tables below to see if you qualify for this credit. If you are eligible under both methods, claim the larger amount.

TABLE A: Standard Allowance for the Standard Credit Computation

Your Exemptions (from line 11.I)	Standard Allowance	Income Ceiling
0 or 1	\$342	\$ 9,771
2	461	13,171
3	579	16,543
4	698	19,943
5	816	23,314
6	935	26,714
	+119 for each exemption over 6	+3,388 for each exemption over 6

TABLE B: Exemptions and Maximum Income for the Alternate Credit Computation

Your Exemptions (from line 11.I)	Maximum Income
0 or 1	\$10,922
2 or more	\$14,345

County Code Table

01 Alcona	15 Charlevoix	29 Gratiot	43 Lake	57 Missaukee	71 Presque Isle
02 Alger	16 Cheboygan	30 Hillsdale	44 Lapeer	58 Monroe	72 Roscommon
03 Allegan	17 Chippewa	31 Houghton	45 Leelanau	59 Montcalm	73 Saginaw
04 Alpena	18 Clare	32 Huron	46 Lenawee	60 Montmorency	74 St. Clair
05 Antrim	19 Clinton	33 Ingham	47 Livingston	61 Muskegon	75 St. Joseph
06 Arenac	20 Crawford	34 Ionia	48 Luce	62 Newaygo	76 Sanilac
07 Baraga	21 Delta	35 Iosco	49 Mackinac	63 Oakland	77 Schoolcraft
08 Barry	22 Dickinson	36 Iron	50 Macomb	64 Oceana	78 Shiawassee
09 Bay	23 Eaton	37 Isabella	51 Manistee	65 Ogemaw	79 Tuscola
10 Benzie	24 Emmet	38 Jackson	52 Marquette	66 Ontonagon	80 Van Buren
11 Berrien	25 Genesee	39 Kalamazoo	53 Mason	67 Osceola	81 Washtenaw
12 Branch	26 Gladwin	40 Kalkaska	54 Mecosta	68 Oscoda	82 Wayne
13 Calhoun	27 Gogebic	41 Kent	55 Menominee	69 Otsego	83 Wexford
14 Cass	28 Gr. Traverse	42 Keweenaw	56 Midland	70 Ottawa	

Before you sign, please review your claim. Make sure your name, Social Security number and mailing address are on the form and that you have answered all the questions that pertain to you.

Deceased Taxpayers

If filer is deceased, enter date of death. ▶

If spouse is deceased, enter date of death. ▶

I declare under penalty of perjury that the information in this return and attachments is true and complete to the best of my knowledge.

▶ I authorize Treasury to discuss my return with my preparer. ☐ Yes ☐ No

Filer's Signature

Date

Spouse's Signature

Date

I declare under penalty of perjury that this return is based on all information of which I have any knowledge.

▶ Preparer's SSN, PTIN or FEIN

▶ Preparer's Name and Address

Home Heating Credit Claim

Forms and Instructions



FILING DEADLINE

The deadline for filing your 2002 home heating credit is September 30, 2003.

The filing of an extension for income taxes does not extend the due date for the home heating credit.

Important Information About the Home Heating Credit

Michigan's home heating credit is funded by federal Low-Income Home Energy Assistance Program Grants. Your credit may be larger or smaller than the credit you received last year because the amount of money Michigan receives from this grant varies every year.



If you are eligible to receive a check for your home heating credit claim, you may request that it be deposited directly into your account at a financial institution by filing a *Direct Deposit of Refund* (Form 3174). See page 13 of this booklet. Claimants receiving a heat draft are not eligible for direct deposit.

Visit our Web site at
www.michigan.gov/treasury

Helpful Information

Treasury is committed to fair, consistent and courteous customer service.

We are pleased to offer the following services available 24 hours a day, 7 days a week.

NOTE: To get return information using the "Internet" and "Telephone" options below (excluding "Tele-Help"), you must have the primary filer's Social Security number and adjusted gross income or household income.



Internet

www.michigan.gov/iit

Access the Department of Treasury Web site to (1) check the date Treasury is currently processing returns, (2) check if your refund, credit claim or energy draft has been issued, and when, for the current year and three prior years,* (3) ask Treasury a question, (4) check estimated payments, (5) request copies of returns filed, and (6) order copies of current and prior year tax forms. Visit our Web site at **www.michigan.gov/iit** to access these service options. A list of Frequently Asked Questions is also available.



Telephone

1-800-827-4000

CRIS: Call the Computerized Return Information System (CRIS) to (1) check the date Treasury is currently processing returns, (2) check if your refund, credit claim or energy draft has been issued, and when, for the current year and three prior years,* (3) check estimated payments, and (4) request copies of returns filed. See below **Forms** section for ordering blank forms.

* Note: You can file a home heating credit for the current tax year only.

Tele-Help. For prerecorded information about income tax and tax credit topics, select menu option "4" and enter the appropriate code number below.

Tele-Help code numbers and topics

- 151 Deceased taxpayers
- 192 Direct deposit
- 361 Farmland Preservation Credit
- 331 Home Heating Credit
- 411 Homestead Exemption Affidavits
- 311 Homestead Property Tax Credit
- 351 Household income and adjusted gross income, difference between
- 131 Refund offsets
- 121 Requesting a copy of your return

- 151 Residency
- 341 Senior Citizen Prescription Drug Credit
- 321 Special situations for property tax credits
- 111 Where to go for help
- 141 Who must file an income tax return; how to file

If you need help completing your credit form, contact your local senior citizen center or community service agency to find out if there is a volunteer tax assistance program available. You may also want to contact your local library to see if it has a copy of the tax preparation video that was distributed to libraries throughout the state.



Forms

Internet: Forms are available on our Web site at **www.michigan.gov/treasury**

Fax: Dial 517-241-8730 from a fax phone to have current year Michigan tax forms sent to your fax machine 24 hours a day.

Phone: Call toll-free 1-800-367-6263 to have tax forms mailed to you.

Public Offices (available during regular business hours): Forms are available at all Treasury offices listed on the back cover of this book. Commonly used forms are also available at most Michigan Secretary of State offices, post offices, and libraries.

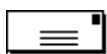
Deaf, hearing- or speech-impaired persons may call 517-636-4999 for assistance.

When You Have Finished

Review your return for the following **common errors** that may delay your refund:

- Using a label with incorrect information
- Illegible writing
- Transposing numbers in the Social Security number
- Entering figures on wrong lines
- Computation errors
- Failing to report total household income from all sources, both taxable and nontaxable
- Failing to reduce the heating credit by 50 percent when heat is included in your rent or is in someone else's name

Before you mail your claim, review it carefully and make sure it is complete. **Mail your claim to:**



Michigan Department of Treasury
Lansing, MI 48956

Important Information for All Claimants

Issued under P.A. 281 of 1967. Filing is voluntary. This booklet is meant only to help you prepare your credit claim. It does not take the place of the law.

This booklet contains forms and instructions on how to file and calculate your home heating credit. Please read these instructions carefully. The request for your Social Security number(s) is authorized under USC Section 42. Social Security numbers are used by the Department of Treasury to conduct matches against benefit income provided by the Social Security Administration and other sources to verify the accuracy of the home heating and property tax credit claims filed and to deter fraudulent filing(s). You cannot apply your home heating credit to your income tax liability.

If you currently receive Family Independence Program assistance (FIP) or other public assistance, you may claim a home heating credit if you owned or rented a homestead in 2002. If you owned or rented only part of the year, you must prorate your credit. See instructions for a part-year owner or renter on page 5.

If you receive FIP assistance, State Disability Assistance (SDA) or you are enrolled with the Family Independence Agency (FIA) for direct payment, by law Treasury must send your credit directly to your heat provider.

If, at the time you file this claim, your heating costs are included in your rent or your heat service is in someone else's name, your credit must be reduced by 50 percent. Your credit will be issued as a check, rather than an energy draft (see lines 4 and 35 of the MI-1040CR-7 Form).

If you file an income tax return (Form MI-1040), do **not** staple your home heating credit claim to the MI-1040. Instead, fold it and leave it loose in the envelope.

If you file a property tax credit claim (Forms MI-1040CR or MI-1040CR-2) **without** an MI-1040, you may staple your home heating credit claim to the property tax credit claim form.

General Information About Home Heating Credits

Who May Claim a Credit

This credit helps low income families pay their home heating costs. To see if you may claim a credit, answer the following questions:

- Are you a full-time student who is claimed as a dependent on another person's income tax return?
- Did you live in a licensed care facility for the entire year? (See "Licensed Care Facilities" on page 5.)

If you answered YES to either of these questions, you CANNOT claim a home heating credit. If you answered NO to BOTH questions, you may claim a credit if:

- Your homestead is in Michigan,
- You own or rent the home where you live, AND
- Your income is within the income limits listed on Tables A and B on the back of the MI-1040CR-7 form.

You can have only one **homestead** at a time, and you must be the occupant as well as the owner or renter.

Your homestead can be a rented apartment, or a mobile home on a lot in a mobile home park. A vacation home or income property is **not** considered your homestead.

Your homestead is in your state of **domicile**. Domicile is the place where you have your permanent home. It is the place you plan to return to whenever you go away. Even if you spend the winter in a southern state, your domicile is still Michigan. College students and others whose permanent homes are not in Michigan are not Michigan residents. Domicile continues until you establish a new permanent home.

Note: You cannot file a home heating credit claim for any other tax year.

When to File

File your home heating credit claim as soon as you know your household income for 2002. File before April 15, 2003 to receive priority in processing.

The final date for filing a 2002 home heating credit is September 30, 2003. The filing of an

extension for income taxes does not extend the due date for the home heating credit.

Exemptions. You may claim one exemption for each of the following:

- Yourself, unless you are eligible to be claimed as a dependent on someone else's return
- Your spouse
- Your children who live with you, even if their support comes from Family Independence Program (FIP) assistance or someone else. If you do not have custody of your children, you cannot claim them on your MI-1040CR-7, even if you can claim them on your MI-1040.
- Any other dependent who lives with you **and for whom you provided more than half their support.**

You can claim additional exemptions for each special condition that applies to you, your spouse, or your dependents. If one spouse qualifies, claim 1; if both qualify, claim 2. Special exemptions are for age (65 or older), deaf, blind and some disabilities. If either you or your spouse receives unemployment compensation greater than 50 percent of your combined federal adjusted gross income (AGI), you may claim ONE additional exemption. See instructions for line 11 on page 6.

Deceased Claimants

If your spouse died in 2002, use the same number of exemptions you would have used had your spouse lived all year.

The surviving spouse may file a joint return for 2002. Write your name and the deceased's name and both Social Security numbers on the MI-1040CR-7. Write "deceased" or "DECD" after the deceased's name. You must report the deceased's income. Sign the return. In the deceased's signature block, write "Filing as surviving spouse." Enter the deceased's date of death in the "Deceased Taxpayers" box directly above the signature block on the bottom of page 2.

A personal representative who files a claim for a deceased person must use the standard allowance and prorate for the number of days from January 1 until the date of death. Follow the directions on page 5 for prorating the credit for a part-year owner or renter. Enter the deceased's name on line 1 of the return and your name as follows:

John Brown, Est. of
Jane Brown, Rep.

Use the deceased's Social Security number and your address. Enter the date of death in the "Deceased Taxpayers" box directly above the signature block.

Household Income

Household income is the total income (taxable and nontaxable) of both spouses or a single person maintaining a household. It is your AGI, plus all income exempt or excluded from AGI.

Household income does NOT include:

- Payment received under the foster grandparent or the senior companion program.
- Energy assistance grants.
- Government payments to a third party, like a doctor. However, if payment is made from money withheld from your benefit, the payment **is** part of household income. For example, the Family Independence Agency (FIA) may pay your rent directly to the landowner.
- Money received from a government unit to repair or improve your homestead.
- Surplus food.
- State and local income tax refunds and your homestead property tax credits.
- Chore service payments. These payments are income to the provider but not the person receiving the service.
- The first \$300 of income from gambling, bingo, lottery or prizes.
- Loan proceeds.
- Inheritance **from a spouse.**
- Life insurance **from a spouse.**
- The first \$300 in cash or expenses paid on your behalf by a family member or friend.
- Amounts deducted from Social Security or railroad retirement benefits for Medicare premiums.
- Life, health and accident insurance premiums paid by your employer. But, if you pay medical insurance or Health Maintenance Organization (HMO) premiums for you or your family, you may deduct the cost from household income.

Special Provisions for Farmers

If you received a farmland preservation tax credit in 2002, you must include it in household income. You may subtract the business portion of your homestead property tax credit if you included it in taxable farm income.

Licensed Care Facilities

Licensed care facilities include adult foster care homes, licensed homes for the aged, nursing homes and substance abuse treatment centers. If you lived in a licensed care facility only part of the year, you could qualify for a partial credit for the period you lived outside the facility. (See prorating instructions for a part-year owner or renter on this page.)

If your spouse lives in a licensed care facility and you live in the family homestead, you may still qualify for a credit. File a joint credit claim.

Subsidized senior citizen apartments are **not** licensed care facilities. If you live in a subsidized senior citizen apartment, you may apply for a credit.

Standard Credit

The standard credit computation uses standard allowances established by law. Use Table A on the back of the MI-1040CR-7 Form to find the standard allowance for the number of exemptions you claimed.

Shared Housing Standard Allowance

If you share a home but are not the owner or you do not have a contract to pay rent, you cannot claim a credit.

When two or more single people share a home, each may claim a credit if each has contracted to pay rent or owns a share of the home. Each should file a home heating credit based on his or her household income and his or her share of the standard allowance. First, determine the standard allowance from Table A on the back of the form by adding the personal exemptions of all the claimants sharing a home. Divide this standard allowance by the number of claimants in the home.

Example: Three men share an apartment. Each has a signed lease and pays 1/3 of the rent. The standard allowance for three exemptions is \$579. Each person must use a standard allowance of \$193 ($\$579 \div 3 = \193) to compute his credit.

If you are eligible for a special exemption, compute your standard allowance following this example:

Example: Emma and Ruth share a home. Emma is age 59 and Ruth is age 65. They file separate MI-1040CR-7 claims. They must first divide \$461 (the standard allowance for two exemptions) by 2. Emma's allowance is \$231. Because Ruth qualifies for a special exemption for age, she may add the difference between the standard allowance for three (\$579) and the standard allowance for two (\$461) to \$231.

$$\$579 - \$461 = \$118 + \$231 = \$349$$

\$349 is the standard allowance for Ruth.

Part-year Owner's or Renter's Standard Allowance

You must prorate your standard allowance for the number of days you owned or rented and occupied your Michigan homestead. For example, you moved to Michigan on September 1. It is 122 days from September 1 to December 31. Divide 122 by 365 days and multiply the result by your standard allowance. Enter the prorated standard allowance on line 32 of your claim.

Alternate Credit

The alternate credit uses heating costs to compute a home heating credit. Add the amounts you were billed for heat from November 1, 2001 through October 31, 2002. See instructions for line 9 on page 6. If you buy bulk fuel (oil, coal, wood or bottled gas), add your receipts to get your total heating cost. Treasury may request receipts to verify your heating costs. **If your claim is for less than 12 months or your heating cost is currently included in your rent, you cannot claim an alternate credit.** You may claim heating costs on your Michigan homestead only. You may NOT claim heating costs on a vacation home or home outside of Michigan.

Credit Payments

If you are responsible for paying your heating bills, state law requires Treasury to issue your credit in the form of a State of Michigan Energy Draft. You can only use the draft to pay heat bills. Give the draft to your enrolled heat provider who will apply it to current or future heating bills for your home. If the amount of your draft is more than you owe, you may request a refund of the difference by checking the box in the lower right corner of the draft. Your heat provider has 14 days to pay your refund, without interest.

If you receive a draft and your heat provider is not enrolled in Michigan's energy assistance program, or if you use bulk fuel and have already bought your energy supply for the year, return the draft with a note of explanation to Treasury. Treasury will review your explanation and, if appropriate, reissue your credit in the form of a check.

If you receive FIP assistance or other FIA benefits, or you are enrolled with FIA for direct payment, the law requires that your credit be sent to your heat provider, who will then apply it to your account.

If you rent and your heat is included in your rent, or your heat service is in someone else's name, you must check "yes" on line 4 and complete line 35 of the form in order to receive a check. Failure to do so will result in your credit being issued as a draft. You will then have to return the draft with a note of explanation to Treasury. It may take 90 days or more to issue a check to replace the draft.

If you are notified of denial, you have the right to a hearing.

Winter Protection Plan

If you are eligible for a credit and you are a customer of an energy utility regulated by the Michigan Public Service Commission (MPSC) or an alternative energy supplier, you can participate in the Winter Protection Plan. Contact your utility company, alternative energy supplier, or the MPSC (1-800-292-9555) for details.

Line-By-Line Instructions

Lines not listed are explained on the form.

Identification

Lines 2 & 3: Write your Social Security number(s) here even if using your label.

Line 6: If you lived in one of the care facilities listed in box 6 for all of 2002, you are not eligible for a home heating credit and should not file this form. If you are married and your spouse lived in a licensed care facility while you lived in your homestead, **do not check a box**. Also, do not check the "Licensed Home for the Aged" box if you live in subsidized senior citizen housing. See "Licensed Care Facilities" on page 5.

Line 9: If you checked "yes" on line 4, skip this line. Others, enter the heating costs you were billed from November 1, 2001 to October 31, 2002 on your Michigan homestead. Many fuel companies include the total heating cost for those 12 months on the October bill. If you cannot find your bills or the information is not on your October bill, call your heating company and ask.

Line 11: Exemptions. Enter the number that applies to **you, your spouse and your dependents** as of December 31, 2002.

- Personal Exemption. Enter 1 if you are a single filer; 2 if you are married and filing together.
- Age 65 or older. You are considered age 65 the day before your 65th birthday.
- Deaf, disabled or blind. You qualify for the deaf exemption if the primary way you receive messages is through a sense other than hearing (for example, lip reading or sign language).

You qualify for the disabled or blind exemption if you are hemiplegic, paraplegic, quadriplegic or totally and permanently disabled. Blind means your better eye permanently has 20/200 vision or less with corrective lenses, or your peripheral field of vision is 20 degrees or less. Totally and permanently disabled means disabled as defined under Social Security Guidelines 42 USC 416.

- Unemployment compensation. Enter 1 if 50 percent or more of your combined federal Adjusted Gross Income (AGI) is from unemployment compensation. Your AGI is from your U.S. *1040*, *1040A*, or *1040EZ*.
- On line 11H include children over 18 who live with you.

Household Income

You must complete lines 13-30 on this form (MI-1040CR-7) even if you filed a homestead property tax credit claim (MI-1040CR or MI-1040CR-2). Include income earned by both spouses if you are filing a joint claim. See "Household Income" on page 4.

Line 12: If you claimed exemptions for children or dependent adults other than your spouse on lines 11E through 11H, enter the following information for each person claimed: name, relationship to you, Social Security number and age in years. For children 12 months and under, enter one year. Attach an additional sheet if more space is needed.

Line 13: Enter all compensation received as an employee. Include strike pay, supplemental unemployment benefits (SUB pay), deferred compensation, sick pay or long-term disability benefits, including income protection insurance.

Line 15: Enter the total of the amounts from the following federal forms: *Schedule C* (business income or loss); 4797 (other gain or loss); and *Schedule E* (rents, royalties, partnerships, S corporations, estates and trusts). Include amounts from sources outside Michigan. Attach these schedules to your claim.

Line 16: Enter annuity, pension and IRA benefits and the name of the payer. This should be the taxable amount shown on your U.S. 1099-R. If no taxable amount is shown on your U.S. 1099-R, use the amount required to be included in AGI. Enter zero if all of your distribution is from your contributions made with income previously included in adjusted gross income. Include reimbursement payments such as an increase in a pension to pay for Medicare charges. Also include the total amount of any lump sum distribution including amounts reported on your U.S. 4972.

Line 17: Enter the amount from U.S. *Schedule F* (farm income or loss). Attach *Schedule F*.

Line 18: Enter all capital gains. This is the total of short- and long-term gains, less short- and long-term losses from your U.S. *Schedule 1040D*, line 17 (for gains), or line 18 (for losses). Include gains realized on the sale of your residence regardless of your age or whether or not these gains are exempt from federal income tax.

Line 19: Enter alimony and other taxable income received. Describe other taxable income. Taxable income includes: the amount over \$300 of awards, prizes, lottery, bingo and other gambling winnings and farmland preservation tax credits, if not included in net farm income on line 17.

Line 20: Enter your Social Security, Supplemental Security Income (SSI) and/or Railroad Retirement benefits. Include death benefits and amounts received for minor children or other dependent adults who live with you. Report the amount actually received. Do not include the amount deducted for Medicare.

Line 21: Enter child support received and all care payments received as a foster parent. **Note:** If you received a 2002 *Child Support Annual Statement* showing child support payments paid to the Friend of the Court, enter the child support portion here and

attach a copy of the statement. Also see line 25 instructions.

Line 23: Enter other nontaxable income. This includes: compensation for damages to character or for personal injury or sickness; an inheritance (except an inheritance from your spouse); proceeds of a life insurance policy paid on the death of the insured (except benefits from a policy on your spouse); death benefits paid by or on behalf of an employer; the value over \$300 in gifts of cash, merchandise or expenses paid on your behalf (rent, taxes, utilities, food, medical care, etc.) from parents, relatives or friends; minister's housing allowance; amounts paid directly to you as a scholarship, stipend, grant or GI bill benefits; and reimbursements from child and/or medical care spending accounts. Also include such payments made on your behalf except government payments made directly to an educational institution or subsidized housing project.

Line 24: Enter workers' compensation benefits received, service-connected disability compensation benefits and pension benefits received from the Veterans Administration. Veterans receiving retirement benefits should enter their benefits on line 16.

Line 25: Enter the total payments made to your household by FIA and all other public assistance payments. Your 2002 *Annual Statement(s)* mailed by FIA in January 2003 will show your total FIA payments. Your statement(s) may include the following: Family Independence Program assistance (FIP), State Disability Assistance (SDA), Refugee Assistance, Repatriate Assistance and vendor payments for shelter, heat and utilities. **Note:** If you received a 2002 *Child Support Annual Statement*, subtract the amount of child support payments entered on line 21 from the total FIA payments and enter the difference here.

Line 27: Enter adjustments from your U.S. 1040, line 34, or U.S. 1040A, line 20. Describe adjustments to income. These adjustments reduce household income:

- Payments to an individual retirement account (IRA), Keogh (HR 10), SEP, or SIMPLE plans;
- Student loan interest deduction;
- Medical savings account deduction;
- Moving expenses;
- Deduction for self-employment tax;

- Self-employed health insurance deduction;
- Forfeited interest payment for premature withdrawal;
- Alimony paid.

Also enter the amount of a net operating loss (NOL) deduction. **Note:** A deduction for a carryback or carryforward of an NOL cannot exceed federal modified taxable income. Attach your *Application for Net Operating Loss Refund* (Form MI-1045).

Line 28: Enter medical insurance or HMO premiums you paid for yourself and your family (NOT MEDICARE). Include medical insurance premiums paid through payroll deduction. Include the portion of auto insurance paid for medical coverage. Do not include any insurance premiums deducted on line 27 or amounts paid for income protection insurance.

Line 30: Household Income is used to compute your credit(s).

Line 31: Enter the amount from line 40. This is the amount of your 2002 home heating credit.

Your Credit

There are two ways to compute a home heating credit: the standard credit and the alternate credit. If you are eligible to claim either credit, figure your credit both ways and claim the larger amount.

Lines 32 - 34: Standard credit. See Table A on the back of Form MI-1040CR-7. Find the number of exemptions you are allowed and look across to the income ceiling amount. If your household income is less than this amount, you can claim this credit.

Example: You and your spouse have three dependent children, so you are allowed five exemptions. Your household income is \$15,000. This is less than the \$23,314 income ceiling for five exemptions. Complete the form using the standard credit method.

Part-year owners or renters, see page 5 to prorate your standard allowance.

Line 35: If your heat is included in your rent or your heat service is in someone else's name at the time you file this claim, you must reduce your computed standard credit by 50 percent (.50). Multiply line 34 by .50. Enter this amount on lines 35, 40 and 31.

Lines 36-39: Alternate credit. If your claim is for less than 12 months or your heat cost is included with your rent, do not use this method. If your household income is less than the maximum income for your number of Michigan exemptions, you may claim this credit. See Table B on the back of Form MI-1040CR-7.

Example: You are single, have one dependent child and your 70-year old father is also your dependent. You are allowed four exemptions. Your annual heat costs were \$1,100, and your household income is \$5,500. This is less than the \$14,345 maximum income for 4 exemptions.

Line 40: If you completed line 35, you **must** enter that amount here. Otherwise, enter the larger amount from line 34 or line 39. Then enter this amount on line 31 on page 1 of your MI-1040CR-7.

Mailing instructions are on the back of your MI-1040CR-7 form and on page 2 of this booklet.

YOU MAY BE ELIGIBLE FOR HELP WITH DAY CARE COSTS

If your family income is at or below levels established by the Michigan Family Independence Agency (FIA), you may be eligible for help with day care costs. For example, a family of three with an income of less than \$26,000 qualifies for partial payment of day care costs. Contact any FIA office or your local Community Coordinated Child Care (4C) agency at 1-866-424-4532 for additional information and an application. If you need help finding child care, your local 4C agency can help.

What If There Is a Problem With My Direct Deposit Request?

If we are unable to honor your request for direct deposit, we will send you a check. Your request for direct deposit may be affected by any of the following:

- You or your spouse owe a debt to the State of Michigan or to a third party which the state is obligated to pay before it can refund money to you. This includes child support, garnishments and levies.
- You close your bank account after submitting your tax return and direct deposit request.
- The financial institution rejects the direct deposit because you entered an incorrect routing number or account number, or you did not check the correct box for line 8.
- You requested that your refund be deposited into a foreign bank or a foreign branch of a U.S. bank. The State of Michigan can only make direct deposits to accounts in U.S. financial institutions located in the United States.

More Information on Direct Deposit. Call the Michigan TeleHelp System at 1-800-827-4000, select menu option “4,” then “192.” You may also contact your financial institution to find out if your direct deposit has been made. Allow at least eight weeks for the processing of your refund before calling your financial institution.

Help With Your Taxes

The Michigan Department of Treasury is committed to fair, consistent and courteous customer service. The following services are available 24 hours a day, 7 days a week.

NOTE: To get return information using the “Internet” and “Telephone” options below, you must have the primary filer’s Social Security number and adjusted gross income or household income.



Internet

www.michigan.gov/iit

Access the Department of Treasury Web site to:

- Check the date Treasury is currently processing returns
- Check if your refund has been issued, and when, for the current year and three prior years*
- Ask Treasury a question
- Check estimated payments
- Request copies of returns filed
- Order copies of current and prior year tax forms



Telephone

1-800-827-4000

Call the Computerized Return Information System (CRIS) to:

- Check the date Treasury is currently processing returns
- Check if your refund has been issued, and when, for the current year and three prior years*
- Check estimated payments
- Request copies of returns filed

** You can file a home heating credit for the current tax year only.*

Visit Our Web site at: www.michigan.gov/treasury

Choose e-file.

Here's Why . . .



✓ *Fast*

Choose e-file and receive your Michigan refund in 7 days.

✓ *Easy*

Simply ask your tax preparer to e-file both your Michigan and Federal returns.

✓ *Convenient*

You can e-file 24 hours a day, 7 days a week via the Internet, using a personal computer.

✓ *Free*

You may be eligible to e-file for free. Visit our Web site for a list of resources offering free e-file services.

Visit Our Web Site: www.MIfastfile.org

Go on-line to find an authorized e-file provider near you or to see a list of resources offering this service. E-file your 2002 Michigan income tax return beginning January 10, 2003 through October 15, 2003. (Note: The last day to file your MI-1040CR-7 is September 30, 2003). See our Web site for more information.

Use Direct Deposit

Your refund is deposited safely into your bank account and is immediately available. Direct Deposit goes to the bank so you don't have to! See page 13.

New for 2002: State-Only e-file

If you are not able to e-file your federal and state returns at the same time, or are not required to file a federal return, you can now e-file your Michigan return separately.

Reminder: If you are required to file a federal return, you must complete and e-file your federal return first before completing your Michigan return.

Review this label. If the information is correct, place the label on your claim. **If any information is incorrect, do not use this label.** Write the correct information on the return. If you use a tax preparer, take this book to your preparer and ask him or her to use this label. Using this label will reduce the processing time of your refund.

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Treasury Offices

Forms are available at all Treasury offices listed below. Treasury office staff do not prepare tax returns.

DETROIT, 48202-6060
Cadillac Place, Suite 2-200
3060 W. Grand Blvd.

DIMONDALE *
7285 Parsons Drive
(*NOT a mailing address)

ESCANABA, 49829
State Office Building, Room 7
305 Ludington St.
(open 8 - 12 only)

FLINT, 48502
State Office Building, 7th Floor
125 E. Union St.

GRAND RAPIDS, 49503
State Office Building, 3rd Floor
350 Ottawa St., NW

STERLING HEIGHTS, 48314
41300 Dequindre, Suite 200

TRAVERSE CITY, 49684
701 S. Elmwood Ave., Box 14
(open 8 - 12 only)